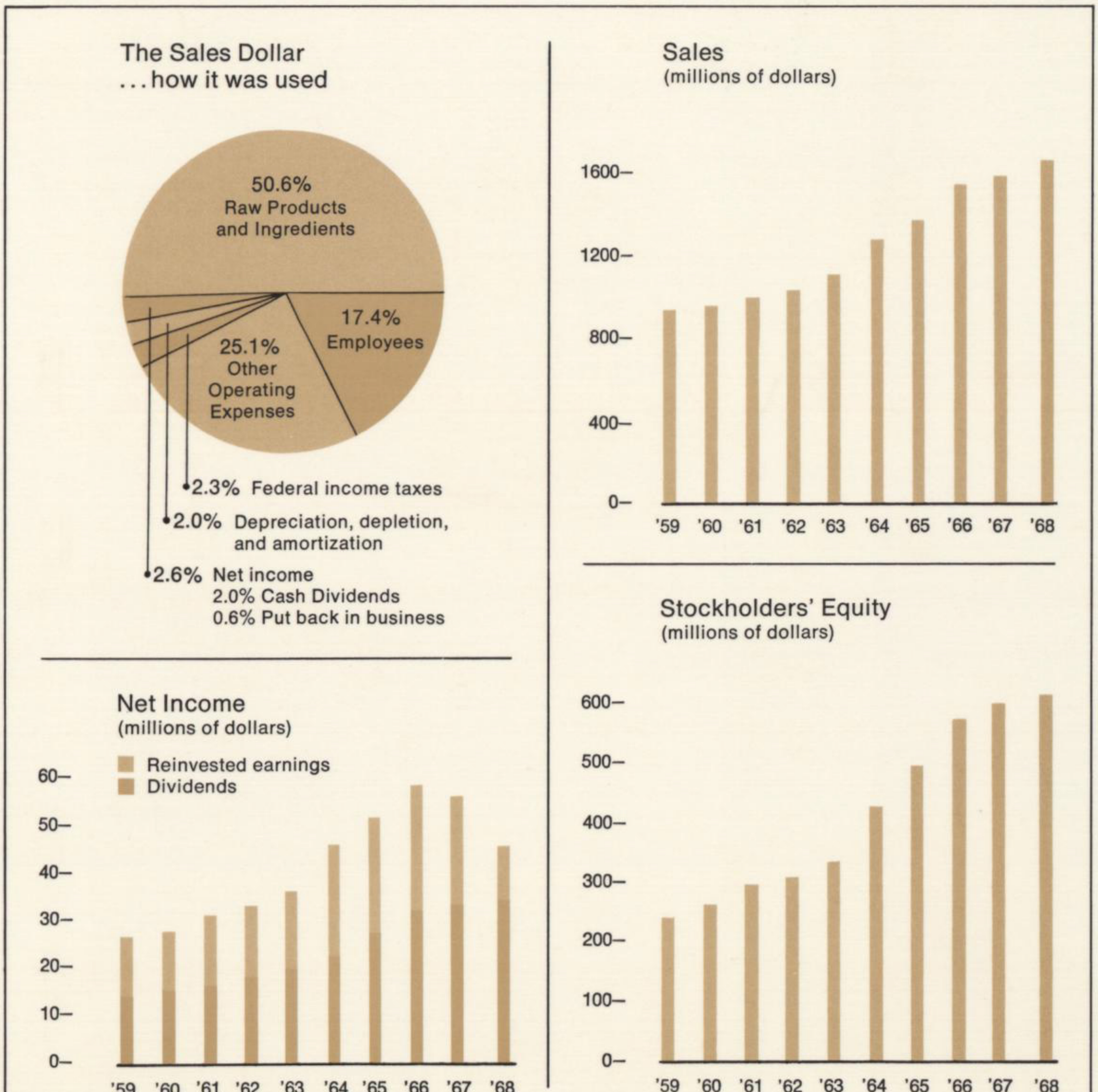
annual report 1968

BORDEN

Annual Report 1968

Highlights	1968	Change	1967
Net Sales	$1,669,405,399	+ 3.9%	$1,606,179,804
Income before extraordinary charge	$ 46,606,543	—16.7%	$ 55,938,336
Extraordinary charge — (write-offs and expenses of closing certain plants net of taxes)	$ 2,772,078	—	—
Net Income	$ 43,834,465	—21.6%	$ 55,938,336
Per share:			
Before extraordinary charge	$1.66		$2.00
Extraordinary charge	(.10)		—
Net income	$1.56		$2.00
Cash dividends (Borden, Inc.)	$ 33,492,381	+ .9%	$ 33,186,940
per share	$1.20	—	$1.20
Working capital	$ 312,471,192	— 2.8%	$ 321,588,181

All figures in this Report for 1968 and 1967, except those in the Historical Summary, have been adjusted to include results of the Bercut-Richards Packing Co., which was acquired in a pooling of interests in October, 1968.



Prior years not adjusted for pooling of interests.

Board of Directors

HARRY L. ARCHER, *Former Vice Chairman*

DAVID C. BEVAN, *Chairman*
Finance Committee, Penn Central Company

COURTNEY C. BROWN, *Dean*
Graduate School of Business
Columbia University

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Executive Vice President

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National Lead Company

EUGENE J. SULLIVAN, *Executive Vice President*

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LAWRENCE A. WIEN
Member of law firm
Wien, Lane, Klein & Malkin

ROY D. WOOSTER, *Former Chairman*

EXECUTIVE COMMITTEE:
Mr. COMFORT, *Chairman;* Messrs. ELLIOTT, GORDON, MARUSI, OLMSTEAD, RENCHARD, SULLIVAN and WOOSTER, permanent members. Other Directors serve in rotation.

FINANCE COMMITTEE:
Mr. WOOSTER, *Chairman;* Messrs. COMFORT, ELLIOTT, MARUSI and RENCHARD.

COMMITTEE ON AUDIT:
Mr. GORDON, *Chairman;* Messrs. BROWN, FINLEY, RENCHARD and WIEN.

PENSION COMMITTEE:
Mr. WOOSTER, *Chairman;* Messrs. COMFORT, ELLIOTT, MARUSI, OLMSTEAD, SULLIVAN and WARD.

Officers

AUGUSTINE R. MARUSI, *Chairman and President*

WALTER R. OLMSTEAD, *Executive Vice President*

EUGENE J. SULLIVAN, *Executive Vice President*

FRED J. BOARD, *Vice President —*
Corporate Development

SAMUEL H. DESCH, *Vice President —*
Dairy and Services Division

BERNARD NEMTZOW, *Vice President and*
General Counsel

JOHN J. O'CONNOR, *Vice President — International*

HUBERT M. TIBBETTS, *Vice President —*
Foods Division

HOWARD H. WARD, *Vice President — Finance*

HARRY C. WECHSLER, *Vice President —*
Chemical Division

DOUGLAS T. ORTON, *Secretary*

JOSEPH E. MADIGAN, *Treasurer*

VICTOR J. STOLFI, *General Controller*

Corporate Data

EXECUTIVE OFFICES: *350 Madison Avenue, New York, N.Y. 10017*

CAPITAL STOCK DATA: *Transfer Agent, The Chase Manhattan Bank, N. A., 1 Chase Manhattan Plaza, New York, N.Y. 10015; Dividend Disburser, Borden, Inc., 350 Madison Avenue, New York, N.Y. 10017; Registrar, Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015; stock listed on the New York Stock Exchange.*

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Contents

Message to Shareholders and Employees

AUGUSTINE R. MARUSI

The company in 1968 achieved the highest sales in its history, and all principal operations with the exception of fertilizer experienced an improvement from a year earlier in pre-tax profits. Net income declined, however, because of higher taxes, a non-recurring provision for write-offs, and an unusual charge relating to accounts receivable. The last two factors were management decisions taken to place the company's physical property and accounts in solid condition for further development. Their beneficial effect should be felt in 1969 and beyond.

The new high in total sales marked the tenth consecutive year of such achievement. More importantly, the sales increase occurred with an improved product mix, indicating the success of our efforts at new-product development and our heightened emphasis on brand-name merchandising. The real measure of a company's growth is not the amount of its sales but their nature. We shall continue to favor, as we did in 1968, those products offering the greatest potential market growth in each sector of our business activity.

Year-to-year change in profits is the common and most visible index of a company's performance. Your management was fully aware of this in taking deliberate action that had a direct adverse effect on income. The decision to write off several unprofitable and obsolete plants reduced after-tax income by $2,772,078, or the equivalent of 10 cents per share, but the result is a more efficient company that is better able to compete profitably for new business.

The decision to set up a reserve out of 1968 income for possible losses which may have accumulated in that portion of our accounts receivable converted to computer operation adversely affected net income by about $2,800,000, or 10 cents per share. It also entailed a complete rephasing of our computerized accounting program. Highly trained technical and supervisory personnel have been recruited for our computer systems, including credit and collections; controls have been tightened; deficiencies that occurred in our previous accounting system have been remedied. We are confident that the systems now in effect will enable us to handle efficiently the growing volume of business we foresee for the company.

The third factor affecting our 1968 profits and those of all business — the 10% surcharge on corporate income taxes — reduced income by $3,960,827, or 14 cents per share. Although at this time it seems likely that the surcharge will be re-imposed, at least to some extent, we hope that this restraint on corporate profits will be temporary and that other means can be found to control the major factors contributing to inflation, among them wage increases that are well beyond corresponding increases in productivity.

Particularly encouraging to your management was the performance during the year of our unconsolidated foreign operations, which established new highs in both sales and net income. To provide these operations with the close executive supervision their increasing importance warrants, we formed a new corporate division, Borden Inc. International, under the direction of a corporate vice president. The division will be responsible for all the company's operations outside the United States and Canada, including sales of exported products.

Business today is on the threshold of a new era of management techniques. Those companies with the most efficient and sophisticated information systems and decision-making methods will hold leadership positions. In 1968, we undertook several preliminary moves intended to establish Borden in the forefront of companies using the newest management concepts. Among these were a strengthening of the Office of the President, the development of a company-wide management recruiting program, and the formation of a management information services and systems department, whose facilities will be available at both the corporate and divisional levels.

Further steps to improve our management methods will be undertaken during the coming year, including the addition of personnel and equipment particularly suited to the purpose, The contemplated program is more than desirable; we believe it is essential if Borden is to remain an aggressively competitive company.

To the men and women of the Borden organization, the members of the Board of Directors, and our stockholders, we wish to express our appreciation for their generous efforts and support during the past year.

A R Marusi

February 25, 1969 *Chairman and President*

Members of the Office of the President, from left:
Augustine R. Marusi, Chairman and President;
Howard H. Ward, Vice President-Finance;
Walter R. Olmstead, Executive Vice President,
and Eugene J. Sullivan, Executive Vice President.

A change in the name of the corporation, from The Borden Company to Borden, Inc., was approved by stockholders at the Annual Meeting on April 17 and became effective that date.

Sales

Improving for the tenth successive year, sales in 1968 reached an all-time high of $1,669,405,399, an increase of 3.9% from $1,606,179,804 a year earlier. The improvement occurred despite a decline in the total volume of products handled, which reflected our withdrawal from the fluid milk business in some northeastern markets, a de-emphasis of commodity-type products in our foods operations, and a reduced market for fertilizer products.

Profits

Higher taxes, the costs of closing down several unprofitable plants, a charge relating to accounts receivable, and unfavorable conditions in the fertilizer industry combined to reduce profits in 1968 from the level of a year earlier. Profits totaled $43,834,465, a decline of 21.6% from $55,938,336 in 1967. Earnings per share were $1.56 on 28,083,376 average shares outstanding, compared with $2.00 on 27,938,013 average shares outstand-in 1967.

Net income for 1968 was after a special provision, net of taxes, of $2,772,078, or 10 cents per share, for write-offs and expenses of closing several unprofitable plants, and after deducting, net of taxes, about $2,800,000, or 10 cents per share, as a reserve

Sources of Net Sales and Profits

	Net Sales (000 Omitted)		Profit (000 Omitted)	
	1968	1967	**1968**	1967
Chemical Division	$ 354,611	$ 341,668	$ 32,679	$ 43,195
Foods Division	562,884	532,417	41,256	35,668
Dairy and Services Division	751,910	732,095	30,324	26,491
Total operations	$1,669,405	$1,606,180	104,259	105,354
Other expenses not allocable to operations				
Interest expense (net)			9,197	8,340
Other (1968 includes special provision for doubtful accounts, $6,000,000)			10,306	5,206
Pre-tax profit			84,756	91,808
U.S. and Canadian federal income taxes			38,150	35,870
Income before extraordinary charge			46,606	55,938
Extraordinary charge			2,772	—
Net income			$ 43,834	$ 55,938

NOTE: The 1968 and 1967 figures include Bercut-Richards Packing Co., acquired in a pooling of interests in October, 1968. Figures for 1967 have also been restated from amounts reported in the 1967 Annual Report (a) to reflect the inclusion of Drake Bakeries with operations of the Foods Division and of The Borden Company, Limited, with the Dairy and Services and Foods Divisions, and (b) to expand the classification of other expenses to include those elements of income or expenses which are considered to be non-allocable to operations.

against possible losses incurred after a portion of the company's accounts receivable were computerized. The change-over to computers, and subsequent problems with them, affected the proper recording of some accounts receivable. Deficiencies in the company's computerized accounting system have since been remedied.

Although taxable income in 1968 was below a year earlier, the company's tax rate was higher because of fewer tax credits and the effect of the 10% surcharge on corporate income taxes, which was applied for the full year. The result was a further adverse effect on profits. The surcharge alone amounted to $3,960,827, or the equivalent of 14 cents per share.

Dividends

We completed 70 years of uninterrupted dividend payments in 1968. A cash dividend of 30 cents per share was paid quarterly during the year for a total of $1.20 per share, the same as in 1967. Total dividends amounted to $33,492,381, or 76% of net income, compared with $33,436,940, or 60% of net income, a year earlier, adjusted for Bercut-Richards.

Working Capital

On Dec. 31, current assets were $451,573,697 and current liabilities were $139,102,505 (a ratio of 3.25 to 1), leaving a balance of $312,471,192 as working capital. This was a decrease of $9,116,989 from a year earlier, when working capital was $321,588,181 and the ratio of current assets to current liabilities was 3.32 to 1.

Capital Expenditures

We invested approximately $48,087,000 in new plant and equipment (including leased equipment accounted for as purchased equipment) for our consolidated operations during 1968, of which depreciation, depletion, and amortization provided approximately $33,391,000 and retained earnings, $14,696,000. We also added $1,097,000 in fixed assets through a business acquisition. In addition, about $8,400,000 of equipment was leased.

In 1967, new plant and equipment additions totaled $61,585,000. A business acquisition increased our fixed assets by $435,000. An additional $7,085,000 of equipment was leased.

During 1969 we plan to invest approximately $47,200,000 in new plant and equipment. Depreciation, depletion, and amortization will furnish about $32,000,000 and the remaining $15,200,000 will come from retained earnings. We also plan to add $13,600,000 of leased equipment.

Company Ownership

There were 28,078,000 shares of capital stock outstanding on Dec. 31, compared with 27,891,000 shares on the same date a year earlier. At year end we had 71,421 stockholders of record, down from 74,505 on Dec. 31, 1967.

The average holding of all stockholders of record was 393 shares, against 374 shares in 1967. No individual among our stockholders of record held as much as 1% of the outstanding stock.

For a business acquired during the year we issued 232,982 shares of our stock. We also issued 34,431 shares under the company's stock option plans. We purchased 81,181 shares for the company's treasury.

Promotional Activities

Advertising and promotion expenditures in behalf of the company and its products were at an all-time high in 1968, reflecting the emphasis being given to our new, long-range corporate identification program and the support accorded the introduction and market expansion of new products. The purpose of the corporate identification program is to fix Borden in the public mind as a manufacturer and distributor of a wide range of dairy, food, and chemical products, and to relate these products to the parent company and to each other.

Bercut-Richards Packing Co., a leading processor of tomato products sold under the Sacramento brand, was acquired during the year.

The Foods Division began operation of a new plant in the Bronx, N.Y., for making Old London snack foods. It is the largest new food plant to be built in New York City in almost 30 years.

During the year, the company participated for the first time in the sponsorship of a major television news program, the Huntley-Brinkley Report, which is carried on the National Broadcasting Company network. Full-color commercials promoted selected products of our three domestic operating divisions. Sponsorship has been extended through the 1969 television season, which ends next August.

In its largest single advertising venture to date, the company co-sponsored NBC's day-long radio and television coverage of the events of Presidential Inauguration Day, Jan. 20, 1969. The broadcasts extended from 10:00 a.m. to 5:30 p.m., followed by a summary of the day's activities from 7:30 to 8:00 p.m. Thirty-nine commercial messages promoting the company and products of its Foods and Dairy and Services Divisions were presented on the television portion of the program, which is estimated to have reached at least 42% of all homes in the country having television sets. In addition, the radio portion carried 17 minutes of Borden commercials.

The company's product mix and variety of marketing methods, together with the range of its customers' interests, necessitated the divisions' collective use of virtually all means of communication in the promotion of their products. Media included national and local radio and television, newspapers, Sunday supplements, consumer and trade magazines, coupons, demonstrations, professional society meetings, trade shows, samplings, and bill-inserts to department store charge customers.

Employee Relations

A corporate Equal Employment Opportunity (EEO) Committee was established in January to assure active compliance with the company's long-established policy prohibiting discrimination in the hiring and promotion of employees. The committee is composed of executives from the corporate staff and representatives of each of the operating divisions. During the year it provided field operations with guidelines on EEO matters, issued a manual on corporate employment policies and practices, and held a series of nine regional meetings with managerial personnel on the subject of equal employment opportunity. The more than 200 managers who attended the meetings supervise Borden employees in all areas of the U.S. where the company operates.

Changes in Board and Management

The following changes in Borden management took place during the year.

Howard H. Ward, formerly treasurer and chief financial officer of Ball Brothers Company, Incorporated, was elected Treasurer, effective May 13, and elected to the additional position of Vice President-Finance, effective July 1, succeeding Edwin S. Patience, who resigned both positions to take early retirement. On Nov. 27 Mr. Ward was appointed a member of the Office of the President.

Harry C. Wechsler, formerly executive vice president of the Chemical Division, was elected a Vice President, effective July 1. He was also appointed President of the Chemical Division, succeeding John J. O'Connor, who, continuing as a Vice President, was named President of a newly-created operating division, Borden Inc. International.

Samuel H. Desch, formerly executive vice president and a director of the Pepsi-Cola Company, was appointed President of the Dairy and Services Division, effective Jan. 27, 1969, and elected a Vice President on Jan. 28, 1969. In both positions he succeeded Jack B. Pentz, who elected to take early retirement.

Bernard Nemtzow, previously counsel and assistant secretary of Warner-Lambert Pharmaceutical Company, was elected a Vice President and named General Counsel, effective Jan. 1, 1969. As Vice President, he succeeded Edwin Clark Davis, the company's General Attorney, who resigned in anticipation of his normal retirement in 1969.

Fred J. Board, formerly executive vice president of the Foods Division, was elected Vice President in charge of corporate development, a new position, effective May 28.

Joseph E. Madigan, formerly assistant treasurer of Trans World Airlines, Inc., was elected Treasurer effective Oct. 21, succeeding Mr. Ward.

Victor J. Stolfi, previously vice president-finance and controller of the Foods Division, was appointed General Controller, effective June 15, succeeding Harry N. Webster, who resigned to take early retirement.

Theodore G. Montague, Jr., formerly a Vice President as President of the Drake Bakeries Division, was appointed executive vice president of the Foods Division upon consolidation of the two operations on June 1.

The following changes in the Board of Directors occurred during the year:

Augustine R. Marusi was elected Chairman of the Board effective Aug. 1, succeeding Francis R. Elliott, who relinquished the position upon reaching his normal retirement as an employee on that date. Mr. Marusi continues as President and Chief Executive Officer. Mr. Elliott continued as a Director.

Mr. Ward was elected a Director on Oct. 8, succeeding Mr. Patience, who retired June 30.

E. R. Rowley, Chairman of the Board and Chief Executive Officer of National Lead Company, was elected a Director on Dec. 17. He succeeded Walker G. Buckner, a partner in the investment firm of Buckner & Co., who resigned Oct. 8.

David C. Bevan, Chairman of the Finance Committee of Penn Central Company, was elected a Director on Jan. 28, 1969. He succeeded Madison H. Lewis, who resigned on that date after 33 years as a Director.

HUBERT M. TIBBETTS
President, Foods Division

Foods Division

The Foods Division set new highs in sales and operating profits in 1968. Sales amounted to $562,884,000, or 33.7% of the corporate total, up from $532,417,000, or 33.1% of company sales, a year earlier. Operating profits rose to $41,256,000 from $35,668,000.

Results for both years include sales and operating profits of the Drake Bakeries Division, whose operations were combined with those of the Foods Division on June 1, and of the food operations of The Borden Company, Limited.

Drake was consolidated with the Foods Division because of the closely related nature of their respective businesses. Drake produces a line of bakery products that are distributed in an 11-state area of the Northeast, including Washington, D.C. Drake achieved record sales and operating profits in 1968, as did the Foods Division exclusive of its Drake operations.

Three factors were mainly responsible for the improvement shown by the Foods Division: the effect of a restructuring of its organization; greater sales emphasis on those areas of the food business in which Borden holds a strong consumer franchise, with a corresponding de-emphasis of commodity-type products, and the success of several new products.

The restructuring took place late in 1967, and its full effect was felt only in 1968. Under the restructuring, the Division's product lines have been organized into 21 "profit centers" and grouped according to the sector of the food industry each serves. Each profit center has been assigned responsibility for the production, marketing, and

profit-performance of a mix of related Borden products. The groups and profit centers are provided by the Division with centralized staff services such as engineering, quality assurance, and research and development. The combined effect has been substantially improved coordination, leading to better cost control and production efficiency.

More than a score of new products were introduced by the Division during the year. Although none individually contributed markedly to divisional results, in the aggregate they were a measurable factor in the Division's improved performance, and further strengthened the company's consumer franchise in the food field.

A third of the new products entered test markets only; another third went into regional distribution. The remainder became available in most major areas of the country.

Two products, first introduced in 1967, were given broadened distribution and received outstanding consumer acceptance. These were Kava, an instant coffee with 90% of its acidity neutralized, which became available nationally, and Wise/Old London Onion Flavored Rings, a snack item, which was made available in most major markets. Each is the first product of its kind on the market, and to maintain its leadership position is being given heavy advertising and promotional support.

Another successful product reaching national distribution in 1968 was Frosted Shake, a ready-to-drink filled milk shake available in several flavors. Being packed in pull-tab cans, it has been accorded particularly strong acceptance by the vending-machine trade.

Also marketed nationally during the year were Campfire extruded marshmallows, in a 10-oz. package, and three new food mixes under the Wyler's brand.

Among new products entering regional distribution were two Drake's snack items, Coffee Cake Jr. and Raisin Snack Jr.; Wise Smoke Rings, a snack food introduced on the East Coast, and Bama Peanut Butter 'N Jelly, which became available in a 22-state area in the Southeast and Southwest.

The Division during the year began operation of a new plant in New York City for the manufacture of Old London snack foods. The largest new food plant to be built in New York City in almost 30 years, it has a capacity substantially greater than three Old London operations in the area that it replaced. A warehouse and expanded facilities for making Onion Rings were completed at Berwick, Pa., early in 1969, and productive capacity for Cracker Jack was expanded with the completion of new facilities at Chicago, Ill., also early in 1969.

At year end, construction was under way on a new plant for Drake Bakeries at Wayne, N.J., 20 miles from New York City; it is scheduled for completion in late 1969.

The Division's plant at Dixon, Ill., which "instantized" and packaged nonfat dry milk, was closed. The operation had become unprofitable because of declining volume, and this was aggravated by inefficiencies stemming from the age of the plant — it was built in 1888, and was the oldest Borden food plant still functioning. The Division, however, will continue to market nonfat dry milk under the Borden brand.

The Bercut-Richards Packing Co., of Sacramento, Calif., was acquired by Borden in October and its operations assigned to the Foods Division. Bercut-Richards is a leading producer of tomato juice, tomato cocktail, and other tomato products, which are marketed under the Sacramento brand. Its products are distributed in 40 states and in Europe, the Orient, and Central and South America. The acquisition marked Borden's entry into a new area of the food business.

A new methanol unit was among three successful plant start-ups by the Chemical Division at its Geismar, La., petrochemical complex. The Division brought 15 new facilities on stream in 1968.

HARRY C. WECHSLER
President, Chemical Division

Chemical Division

The Chemical Division in 1968 achieved record sales but experienced a decline in operating profits from a year earlier. Sales amounted to $354,611,000, or 21.3% of the corporate total, up from $341,668,000 in 1967, when they also accounted for 21.3% of total company sales. Operating profits were $32,679,000, compared with $43,195,000 in the previous year.

Highly unfavorable conditions in the fertilizer industry adversely affected sales and accounted for a decline in operating profits. An industry-wide excess of productive capacity was aggravated by a carry-over of supplies from the prior year. At the same time, the total market for fertilizers in feed grain areas shrank as farmers withdrew millions of acres from production in order to qualify for support payments under the government's acreage-allotment program. The result was a highly competitive market situation in which price levels lagged well behind rising costs; the cost of sulphur, a basic raw material, was at an all-time high. Although some improvement in conditions within the fertilizer industry is foreseen for 1969, a turnabout is not likely to occur until 1970-71.

Other factors limiting the Division's performance in 1968 were troublesome operation of its related ammonia and urea plants and an explosion which put its acetic acid plant out of production for nine months and necessitated the purchase of acetic acid requirements.

With these exceptions, all principal operations of the Division experienced higher sales and operating profits in 1968.

Sales of polyvinyl chloride resins, and latex and emulsion binders, expanded throughout all industries, with market penetration increasing particularly in the flooring, paint, and paper coating areas. The Division met with success also in the sale of resins and compounds to the blow-molded polyvinyl chloride bottle market.

Sales of thermosetting resin adhesives, used for plywood and particle board, improved markedly as new facilities came on stream and home-building activity quickened.

At the end of the year, the Resinite Department introduced a series of unique biaxially oriented ("two-way-shrink") PVC films that will open substantial new marketing areas. During the year, the Division also expanded distribution of shrink films for the packaging of meats, and developed several films tailored to meet specific market requirements: a shrink film for produce, a film for rewrapping broken packages in retail stores, and a film designed for hand-wrapping of baked goods.

Active new product projects resulted in the successful development of a number of phenolic resins for plywood, hardboard, high-density particle board, and surfacing laminates; a neutral wet strength resin for the paper industry; hot melt adhesives for bookbinding and high speed paper converter gluing; three PVC resin molding compounds; seven new PVC resins; three emulsions for the paper, paint, and textile industries; five lithographic inks; three laminating adhesives; a carton-sealing adhesive, and three cleaning and sanitizing compounds.

The consumer lines, which represent about one-quarter of the Division's total sales, were broadened and strengthened with the marketing nationally of a wide variety of new products. Fashion and utility were combined in a "Now" color line of Krylon spray paints and Mystic self-stick cloth tapes, each available in four high-fashion shades, and in a new group of plastic housewares for bath

and pantry, sold under the Lustro-ware brand. Mystik also added plastic tapes in nine colors, and specialty tapes for hose repair, duct work, and drafting. The Elmer's line was expanded with the addition of Flexite live-rubber tub caulk. A new Wall-Tex wallcovering collection was introduced in the fall.

In the Cosmetics and Toiletries group, Marcelle marketed Consent, a hypo-allergenic fragrance series of five items, and Grand Prix, the first hypo-allergenic line of men's grooming aids.

During 1968, the Division brought on stream 15 new facilities valued at more than $22,000,000 and completed $4,000,000 worth of expansion of existing facilities. At year end, five new facilities were under construction, with completion scheduled for 1969.

The petrochemical complex at Geismar, La., was the focus of much of the Division's major building activity, with three successful plant start-ups. Methanol production was increased with the addition of a new unit; it is being computer operated, as is the existing methanol facility. Computerization was completed in 1968 after three years of study.

Also at Geismar, the first of a two-stage expansion of vinyl acetate monomer production was completed, as was the rebuilding of the acetic acid plant.

In construction projects elsewhere, the Division added new facilities for the manufacture of vinyl calendered products at Columbus, Ohio; PVC bottle compounds, at Illiopolis, Ill.; biaxially oriented PVC packaging film, at North Andover, Mass.; and Mystik-brand pressure-sensitive tapes, at Northfield, Ill.

A new formaldehyde plant, with a design capacity of 125,000,000 pounds annually, went into production at Springfield, Ore., boosting the Division's total U.S. capacity for the product to more than 900,000,000 pounds a year.

The Chemical Division's Columbus Coated Fabrics operation introduced its first murals for residential use. Shown is Sunflower, one of two silk-screened mural designs, each available in three color combinations.

The Dairy and Services Division added new facilities at Gustine, Calif., for processing and packaging cottage cheese, yogurt, dips, and sour cream.

The Division's ammonia plant at Houston, Tex., was closed, having been made obsolete by the coming on stream of modern ammonia facilities at Geismar.

Other expansion projects undertaken during 1968 included polyvinyl acetate facilities at Leominster, Mass., and Illiopolis; the addition of injection-molding equipment at Norristown, Pa., where Krylon-brand spray paints are manufactured, and a 50,000,000-pound increase in capacity for urea and phenolic resins at Springfield, Ore.

In July, cosmetic manufacturing and packaging operations previously conducted at Chicago, Ill., and Morristown, N. J., were consolidated in a new plant at Bainbridge, N. Y. Order handling and invoicing for John Robert Powers products are now fully computerized between Bainbridge and New York City.

In 1969, the Division will complete facilities at Geismar that will expand production of acetic acid by one-third. A new printing ink plant, to be located approximately 50 miles from downtown Chicago, is slated to go into production by the second quarter of 1969; it will be the Division's twelfth ink plant in the United States.

Pacific Resins, Ltd., a major supplier in western Canada of resins and adhesives for the plywood, particle board, construction board, paper and foundry industries, was acquired in November and its operations assigned to The Borden Chemical Company (Canada), Ltd., a consolidated subsidiary operating under the supervision of the Chemical Division. Pacific Resins, Ltd., has plants at New Westminster, B. C., and Edmonton, Alba.

SAMUEL H. DESCH
President, Dairy and Services Division

Dairy and Services Division

A moderate increase in sales of the Dairy and Services Division was accompanied by a substantial improvement in operating profits, compared with a year earlier. Unit volume declined slightly.

Sales totaled $751,910,000, or 45.0% of the corporate total, up from $732,095,000 in 1967, when they accounted for 45.6% of total company sales. Operating profits rose to $30,324,000 from $26,491,000 in the previous year. Results for both years include sales and operating profits of the milk and ice cream operations of The Borden Company, Limited.

The increase in dollar sales was due to generally higher price levels. These, in turn, reflected higher costs, primarily for milk, the price of which is regulated by the federal government in most markets of the country, and for other ingredients, supplies, and labor as well.

Total unit volume declined because of withdrawal during the previous year from wholesale and retail milk delivery in sections of the Northeast, where deteriorating market conditions had made the Division's business unprofitable.

Dollar and unit sales of specialty products increased from a year earlier, reflecting both market expansion and the emphasis given to brand promotion. Unit sales of Borden Swiss Style Yogurt rose 114%, compared with a gain of 60% in the consumption of yogurt by U.S. households. Dollar sales also more than doubled, and Borden's share of the total yogurt market increased by 40%. Similar gains are projected for 1969. Unit sales of orange juice and fruit drinks rose 15%, and a substantially greater improvement is foreseen for the coming year, when a special promotional program will be undertaken in behalf of these products.

The ice cream sector of the Division's business strengthened in 1968, as both unit and dollar sales moved above a year earlier and operating profits improved materially.

Effective Oct. 1, Dairy and Services Division became the new name for the Milk and Ice Cream Division. The change reflects a move to broaden opportunities to extend into new areas of business — locally, regionally, or nationally — that will benefit from the Division's experience and know-how and make more effective use of its facilities and raw-material supplies.

During the year, the Division completed a remodeling of the milk processing and ice cream manufacturing plant at Monroe, La., and added facilities at Gustine, Calif., for processing and packaging cottage cheese, yogurt, dips, and sour cream. At year end, construction was in process on a new branch at Santa Fe Springs, Calif., for the distribution of ice cream, yogurt, cottage cheese, and sour cream dips. Completion is scheduled for November, 1969. Also under way is major expansion of milk processing facilities at Houston, Tex., and Ozone Park, N.Y., and of ice cream manufacturing facilities at Tampa, Fla. The milk processing plant at Milwaukee, Wisc., is being modernized. These projects are to be completed during 1969.

At the end of November, a milk distribution branch at Trenton, N. J., and a milk processing plant at Philadelphia, Pa., were closed because of unprofitable operation.

In 1969, the Division will start construction at Houston of a large new ice cream manufacturing plant that is scheduled to go into operation early in 1971.

Lite Line, a 99% fat-free milk with more protein than regular milk, was introduced in New York, Connecticut, and Georgia markets in the fall and

in limited sections of North Carolina and Texas in February, 1969. Further market expansion is planned during the coming year. A new line of fruit drinks and frozen novelty items, aimed at young consumers, was marketed in most areas under the trade name Surfer's Smash. Distribution of Swiss Style Yogurt was extended to New England and Texas and to St. Louis, Mo., and Cleveland, Ohio; several new flavors were added to the line.

JOHN J. O'CONNOR
President, Borden Inc. International

Borden Inc. International

On July 1, a new corporate division, Borden Inc. International, was formed, with responsibility for all the company's operations outside the United States and Canada. Overseas operations were accorded divisional status both in recognition of their growing importance as a sector of the company's business and to assure the close and specialized executive supervision their complexity and importance warrant.

The new Division is responsible for the company's export sales as well as its unconsolidated operations abroad, both of which were formerly conducted by the Foods and Chemical Divisions in their respective product areas. Although the Division is charged with the marketing of exported products, the sales and profits of these products are credited to the domestic division responsible for their manufacture, and hence are excluded from the figures shown in this Report for Borden Inc. International.

Under the supervision of the Division are 55 manufacturing plants in 23 countries abroad, 5 overseas regional sales offices, and the marketing of Borden products in more than 130 countries of the world.

Despite economic, monetary or political uncertainties in several of the countries in which they operate, our unconsolidated subsidiaries experienced in the aggregate their most successful year to date, in both sales and profits. Primarily responsible for the improvement were the introduction of new products and further extension of established products into markets outside the country of manufacture. Increased productive capacity, owing to recently added facilities, and greater efficiency, also related to new plant, contributed as well to the improvement in sales and profits.

Sales of our unconsolidated subsidiaries overseas amounted to $151,883,516, an increase of 13.4% from $133,909,462 in 1967, the previous high. Our equity in their net income was $8,003,078, up 26.4% from $6,330,643 a year earlier and 17.3% above the previous high of $6,822,858 in 1966. The amount for 1968 was after a provision for "unrealized exchange loss" of $1,026,032, which is an adjustment resulting from the translation of net current assets to their U.S. dollar equivalent at rates of exchange prevailing at year end. For 1967, a similar provision was $1,409,255.

After applicable U.S. income taxes, dividends paid to Borden, Inc., by these subsidiaries and included in its net income amounted to $3,301,479, compared with $3,340,190 in the previous year. Our equity in their undistributed earnings was $3,571,304, and at year end our equity in their net assets exceeded our investments and advances by $38,890,385.

Approximately $9,301,000 worth of plant and equipment was obtained by our unconsolidated foreign subsidiaries during 1968. This compares with about $5,087,000 worth obtained a year earlier. In conformity with regulations on overseas investment issued by the U.S. Department of Commerce, funds for 1968 were generated abroad. The 1969 budget calls for $7,746,000 worth of new plant and equip-

ment for our operations abroad, including $1,066,000 as the value of leased equipment.

During the year, the Division's chemical operations brought four plants on stream, and at year end had another plant under construction and two existing plants undergoing expansion. Formaldehyde and resins facilities went into operation at Melbourne, Australia, in August, and at Peterlee, England, in September. Manufacture of Resinite polyvinyl chloride packaging film began at Mexico City, Mexico, in August, and at Southhampton, England, in November. A formaldehyde and resins plant under construction at Recife, Brazil, is scheduled for completion during the first quarter of 1969. Facilities at Sao Paulo, Brazil, for producing industrial adhesive tapes are being expanded, as are those at Buenos Aires, Argentina, for producing several Borden consumer chemical products; both projects are to be completed by the fourth quarter of 1969.

In the food sector, the Division placed three new plants in operation during 1968. Production of snack foods, including potato chips and Cheez Doodles, began in July at a new plant at Filipstad, Sweden. The facility has an initial annual capacity of 2,000,000 pounds of snack products, which will be marketed in Sweden, Norway, Denmark, and Finland. At Dublin, Ireland, a processing and freezing plant for portion-controlled meat, its capacity varying according to product mix, went into production in September, and at El-Vigia, Venezuela, a plant for processing and packaging up to 15,000,000 pounds of whole milk powder annually began operations in December.

Among major building projects scheduled by the Division in 1969 for its food operations are a 7,000,000-pounds-per-year plant for packaging whole milk powder, at Port of Spain, Trinidad, and a warehouse for whole milk powder, at Esbjerg, Denmark. During the coming year the Division will also begin constructon of a portion-controlled meat processing plant at San Juan, Puerto Rico, with completion scheduled for 1970.

Among seven new plants opened by Borden Inc. International in 1968 were a plant for processing and freezing portion-controlled meats, at Dublin, Ireland, and formaldehyde and resin facilities, at Melbourne, Australia.

The Borden Company, Limited

The Borden Company, Limited, our consolidated Canadian subsidiary, in a move designed to improve efficiency and profit performance, closed or sold four food plants and reorganized the fluid milk and ice cream segment of its business during 1968.

The loss of Venezuela as an export market for Canadian whole milk powder, owing to that country's ability to process a substantial part of its own dairy requirements and to the transfer of business to the manufacturing operations abroad of Borden Inc. International, forced the closing of operations at Tillsonburg, Ont.

A change in emphasis of the Canadian product line led to the sale of a plant in Winnipeg, Man., which processed frozen and powdered eggs, and a plant at Kemptville, Ont. which manufactured nonfat milk powder and butter.

The production of Borden process and Cheddar cheese at the Chateau cheese plant, Ottawa, Ont., was terminated following the expropriation of the property by the National Capital Commission. A survey indicated that the substantial investment necessary to relocate and construct a new plant was unwarranted.

In a move to improve efficiency and cost control, the Canadian company's milk and ice cream operations, which are conducted in the provinces of Ontario and Quebec, were restructured into two "profit centers," each responsible for production, sales, and profit performance. The reorganization, which follows geographic lines, recognized the differing market requirements of Ontario and Quebec.

During the year, milk processing operations at Windsor, Ont., were consolidated at London, Ont., where new refrigeration and storage facilities were added to handle the increased volume. A new warehouse was added at the Belmont, Ont., ice cream manufacturing plant that increased storage capacity by 100,000 gallons.

Among products introduced to the Canadian market during the year were Cho-Free, a carbohydrate-free infant formula; a 2% evaporated milk, made available in Ontario, and a line of four fruit drinks and frozen novelties, under the Surfer's Smash trade name, distributed throughout milk and ice cream markets in Ontario and Quebec.

Consolidated Income and Retained Earnings

Borden, Inc., and Consolidated Subsidiaries

	Year Ended December 31 1968	1967
Net sales	$1,669,405,399	$1,606,179,804
Other income	12,020,265	8,578,048
(Includes interest and dividends—1968, $9,110,632; 1967, $6,693,761)		
Total	1,681,425,664	1,614,757,852
Less		
Cost of goods sold	1,379,769,212	1,333,547,813
Selling, general and administrative expenses and other charges	204,718,949	180,037,178
Interest expense	12,180,983	9,364,363
U.S. and Canadian federal income taxes	38,149,977	35,870,162
Total	1,634,819,121	1,558,819,516
Income before extraordinary charge	46,606,543	55,938,336
Extraordinary charge—(write-offs and expenses of closing certain plants, less applicable income tax reduction of $4,355,349)	2,772,078	—
Net income for the year	43,834,465	55,938,336
Retained earnings at beginning of year	323,005,933	300,504,537
Total	366,840,398	356,442,873
Dividends paid		
Borden, Inc. ($1.20 a share in each year)	33,492,381	33,186,940
Bercut-Richards Packing Co. (before combination with Borden, Inc.)	—	250,000
Total	33,492,381	33,436,940
Retained earnings at end of year	$ 333,348,017	$ 323,005,933
Average number of shares of capital stock outstanding during year	28,083,376	27,938,013
Per share		
Income before extraordinary charge	$1.66	$2.00
Extraordinary charge	(.10)	—
Net income	$1.56	$2.00

See pages 21 and 22 for Notes to Financial Statements.

Consolidated Balance Sheet

Borden, Inc., and Consolidated Subsidiaries

Assets	December 31 1968	1967
Current Assets		
Cash (including time deposits)	$ 48,025,866	$ 56,302,153
U.S. Government and other marketable securities (at cost which approximates market)	34,631,379	52,050,823
Receivables	159,792,856	157,775,342
Inventories (at lower of cost or market)		
Finished and in process goods	149,368,997	136,523,368
Materials and supplies	59,754,599	57,551,868
Total Current Assets	451,573,697	460,203,554
Other Assets		
Investments and advances (at cost)		
Foreign subsidiary companies	20,266,026	19,086,782
Domestic associated companies	4,151,831	3,944,016
Receivables, etc.	12,914,521	13,509,828
Total Other Assets	37,332,378	36,540,626
Property and Equipment (at cost)		
Land	28,195,930	26,531,548
Buildings	178,855,121	177,370,965
Machinery, equipment, etc.	447,490,173	442,500,624
Total Property and Equipment	654,541,224	646,403,137
Less accumulated depreciation	253,897,295	250,746,862
Net Property and Equipment	400,643,929	395,656,275
Deferred Charges	13,557,916	11,737,840
Intangibles	119,970,183	119,022,556
Total	$1,023,078,103	$1,023,160,851

See pages 21 and 22 for Notes to Financial Statements.

Liabilities			December 31 1968	1967
Current Liabilities				
Payables and accrued liabilities			$ 125,947,999	$ 122,794,053
Accrued taxes			13,154,506	15,821,320
Total Current Liabilities			139,102,505	138,615,373
Long-Term Debt			228,963,476	241,970,847
Reserves				
Deferred federal taxes on income			35,353,372	31,220,942
Insurance			7,179,988	7,166,299
Total Reserves			42,533,360	38,387,241
Stockholders' Equity				
Capital Stock				
Borden, Inc.—par value $3.75 per share				
Authorized 37,000,000 shares				
	Shares 1968	Shares 1967		
Issued	28,322,781	28,054,600		
Less treasury stock	244,781	163,600		
Outstanding	28,078,000	27,891,000	105,292,500	104,591,250
Bercut-Richards Packing Co.			—	1,000,000
Capital surplus			173,838,245	175,590,207
Retained earnings			333,348,017	323,005,933
Total Stockholders' Equity			612,478,762	604,187,390
Total			$1,023,078,103	$1,023,160,851

Statement of Consolidated Resources Provided and Applied

Borden, Inc., and Consolidated Subsidiaries

	Year Ended December 31 1968	1967
Resources Provided by		
Net income for the year	$43,834,465	$ 55,938,336
Depreciation, depletion and amortization	33,390,936	32,615,011
Cost of property disposals less accumulated depreciation, etc.	10,805,414	3,111,936
Fair value of stock issued for purchase of businesses	—	285,750
Proceeds from capital stock issued under stock option plans, installment payments under the Employees Stock Purchase Plan, etc.	652,043	3,196,857
Increase (decrease) in long-term debt	(13,007,371)	82,669,896
Working capital at Jan. 1, 1967, of Calo Pet Food Company	—	3,126,034
	$75,675,487	$180,943,820
Resources Applied to		
Cash dividends	$33,492,381	$ 33,436,940
Additions to property and equipment	49,184,004	62,020,468
Net increase (decrease) in intangibles	947,627	(231,431)
Increase (decrease) in working capital	(9,116,989)	87,482,203
Capital stock purchased for the treasury	2,531,230	22,875
Increase (decrease) in miscellaneous assets and reserves—net	(1,362,766)	(1,787,235)
	$75,675,487	$180,943,820

See pages 21 and 22 for Notes to Financial Statements.

BASIS OF CONSOLIDATION, ETC.: The consolidated financial statements include all significant domestic subsidiaries and all Canadian subsidiaries. Net current assets of the Canadian subsidiaries were translated at the rate of exchange prevailing at year end; other assets and liabilities at rates as of dates of origin; and net income items (other than depreciation) at the rate of exchange prevailing at the end of each month.

During 1968, Bercut-Richards Packing Co. was acquired in exchange for 232,982 shares of the Company's capital stock. This combination has been accounted for as a pooling of interests, and accordingly the accompanying financial statements for the years 1968 and 1967 include the accounts of the combined companies.

On page 23 appears financial information concerning foreign subsidiaries not consolidated and dividends received from them by the Company.

LONG-TERM DEBT: Obligations were outstanding at Dec. 31, 1968, as follows:

	Long-Term	*Due Within One Year*
Sinking fund debentures:		
2⅞%, due 1981	$ 35,469,000	—
4⅜%, due 1991	44,000,000	$ 542,000
5¾%, due 1997	75,000,000	—
Promissory notes:		
3½%, due 1973	750,000	50,000
Assumed from acquired companies:		
5⅜%, due 1981	9,300,000	800,000
Other	2,985,053	506,379
Principal amount of capitalized leases	61,459,423	9,900,949
	$228,963,476	$11,799,328

The aggregate maturities of the notes and the sinking fund requirements on the debentures payable in each year 1970 through 1973 are as follows: 1970, $3,305,857; 1971, $3,281,191; 1972, $3,667,947; and 1973, $4,987,854.

Certain equipment for which the Company has entered into lease arrangements is accounted for as purchased equipment. Such arrangements require payment in annual amounts of approximately $13,500,000 for equipment which was operational at Dec. 31, 1968. Payments will be required in annual amounts of approximately $227,000 for equipment in process of installation when such equipment becomes operational.

CAPITAL STOCK AND CAPITAL SURPLUS: Capital Surplus was credited during 1968 with $520,047, the excess of the purchase price over par value of 35,199 shares newly issued pursuant to employee stock option plans, etc. Capital Surplus was charged with $2,226,800, the excess of cost over par value of 81,181 shares acquired, and $45,209 representing closing expenses net of the excess of the capital stock acquired in a pooling of interests with Bercut-Richards Packing Co. over the par value of 232,982 shares issued by the Company.

As of Jan. 1, 1968, 334,038 shares of capital stock of the Company (including 84,000 shares under the 1967 Stock Option Plan approved by the stockholders in April 1968) were reserved for unexercised stock options. During 1968, 34,431 shares were purchased by optionees, options for 4,250 shares were cancelled and options for a total of 7,000 shares were granted to two corporate officers and one key employee under the 1967 Stock Option Plan, leaving 302,357 shares reserved for unexercised options as of Dec. 31, 1968. At Dec. 31, 1968, 59,000 shares were available for future grants.

At both Dec. 31, 1968 and 1967, 1,007,099 shares were available for future offerings under the Employees Stock Purchase Plan. During 1968 no shares were offered under the plan.

DEPRECIATION, DEPLETION, AND RENTALS: Depreciation, depletion, and amortization of property and equipment charged to operations amounted to $33,390,936 for 1968 and $32,615,011 for 1967. In general, depreciation is recorded in the accounts of the Company over the estimated useful lives of the assets on a "straight-line" basis. Rentals (excluding payments on capitalized leases) amounted to approximately $18,794,000, of which $10,653,000 was related to long-term leases that had initial lease periods generally from eight to ten years.

FEDERAL TAXES ON INCOME: The Company provides out of income amounts equal to the reduction in federal income tax resulting from the use, for income tax reporting only, of accelerated methods of depreciation. The amount so provided in 1968 and included in the reserve for deferred federal taxes on income was $3,227,063. The reserve was also increased by a transfer of $1,145,830 from accrued taxes resulting from an adjustment of the prior year allocation between taxes currently payable and deferred. Other differences between financial and tax accounting practices accounted for a decrease of $240,463 in the reserve during 1968. The 1968 investment credit of $4,300,000 was recorded as a reduction of the provision for federal income taxes.

RETIREMENT PLANS: The charge to operations in 1968 under the Company's retirement plans, which cover those employees who are not members of collective bargaining units as well as certain employees who are members of such units, was $7,222,000 (including amortization of prior service costs over a 30-year period). The Company's policy is to fund pension costs accrued. The actuarially computed value of vested benefits under the plans as of April 1, 1968, exceeded the total pension funds and balance sheet accruals by approximately $21,983,000. Operations were charged during the year with approximately $4,296,000, consisting of payments to pension trusts on behalf of certain employees covered by collective bargaining units who have not elected to participate in the Company's plans and of retirement allowances paid to former employees under arrangements in effect prior to the inception of the present plans.

CONTINGENCIES: The Company was guarantor of loans aggregating approximately $43,000,000 at Dec. 31, 1968, of which $22,706,000 represented the Company's portion of guarantees of loans payable by domestic associated companies.

Accountants' Opinion

HASKINS & SELLS
Certified Public Accountants
TWO BROADWAY
NEW YORK, N.Y. 10004

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORDEN, INC.:

We have examined the consolidated balance sheet of Borden, Inc. and Consolidated Subsidiaries as of December 31, 1968 and the related statements of consolidated income and retained earnings and of consolidated resources provided and applied for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the companies at December 31, 1968 and the results of their operations and their resources provided and applied for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins + Sells

February 25, 1969

Foreign Subsidiaries Not Consolidated

Borden, Inc.

Combined Balance Sheets	December 31 1968	1967
Current assets	$ 58,793,762	$ 52,393,134
Investments and advances		
50% owned companies—cost plus equity in undistributed income	13,356,105	13,277,791
Other	2,920,972	3,491,879
Property and equipment (less accumulated depreciation)	36,016,083	32,956,343
Deferred charges	3,554,028	2,173,958
Intangibles	1,215,969	1,846,490
Total Assets	115,856,919	106,139,595
Current liabilities	35,434,327	31,471,416
Long-term debt	10,092,050	10,451,346
Reserves	1,180,599	1,241,851
Liabilities and Reserves	46,706,976	43,164,613
Net assets	69,149,943	62,974,982
Less minority interest	9,993,532	8,569,119
Company's Equity in Net Assets	$ 59,156,411	$ 54,405,863

Combined Statements of Income	Year Ended December 31 1968	1967
Net sales	$151,883,516	$133,909,462
Share of net income—50% owned companies	713,758	927,337
Other income	3,967,983	3,805,529
Total	156,565,257	138,642,328
Less		
Cost of goods sold	112,826,097	101,388,191
Selling, general and administrative expenses and other charges	26,701,925	24,283,320
Interest expense	2,117,477	1,895,273
Total	141,645,499	127,566,784
Income before foreign income taxes and minority interest	14,919,758	11,075,544
Less		
Foreign income taxes	5,588,321	3,710,018
Minority interest	1,328,359	1,034,883
Total	6,916,680	4,744,901
Company's Equity in Net Income	$ 8,003,078	$ 6,330,643
Dividends to the Company	$ 4,431,774	$ 3,904,150
Less U.S. income tax applicable thereto	1,130,295	563,960
Remainder Included in Company's Net Income	$ 3,301,479	$ 3,340,190

The above combinations include the financial statements of all majority-owned foreign subsidiaries. The various foreign currencies were translated generally into their U. S. dollar equivalent in accordance with the practice for Canadian subsidiaries referred to in the Notes to Financial Statements on page 21. The Company's portion of the unrealized exchange loss, included in other charges, was $1,026,032 for 1968 and $1,409,255 for 1967.

Ten Year Historical Summary*

Borden, Inc., and Consolidated Subsidiaries

Operating (thousands of dollars — except per sales dollar and per share statistics)

For the Year	Net Sales	Payrolls	Taxes (U.S. & Canadian Federal Income)	Depreciation, Depletion, and Amortization	Net Income	Per Sales Dollar	Per Share**	Cash Dividends	Per Share**
1968	$1,669,405	$291,013	$38,150	$33,391	$43,834	2.63¢	$1.56	$33,492	$1.20
1967	$1,588,426	$273,123	$35,098	$32,099	$55,301	3.48¢	$2.00	$33,187	$1.20
1966	$1,545,510	$263,817	$38,397	$28,449	$57,660	3.73¢	$2.16	$31,978	$1.20
1965	$1,385,518	$240,832	$36,086	$25,814	$50,912	3.67¢	$2.03	$27,493	$1.09½
1964	$1,293,439	$231,975	$35,937	$24,796	$45,486	3.52¢	$1.87	$22,377	$1.00
1963	$1,118,875	$201,640	$30,614	$19,948	$35,093	3.14¢	$1.62	$19,107	$ .88¾
1962	$1,047,902	$193,460	$29,110	$17,846	$32,354	3.09¢	$1.53	$17,998	$ .85
1961	$1,009,665	$191,863	$28,631	$17,448	$30,082	2.98¢	$1.42	$15,451	$ .75
1960	$ 956,014	$182,732	$24,405	$15,017	$26,856	2.81¢	$1.36	$14,857	$ .75
1959	$ 941,326	$178,847	$23,728	$15,057	$25,548	2.71¢	$1.31	$13,696	$ .70

Financial (thousands of dollars) **Other**

As of Dec. 31	Working Capital	Current Ratio***	Inventories	Property and Equipment	Accumulated Depreciation	Net Property and Equipment	Long-Term Debt	Stockholders' Equity	Stockholders of Record at Year End	Average Number of Employees
1968	$312,471	3.25:1	$209,124	$654,541	$253,897	$400,644	$228,963	$612,479	71,421	39,819
1967	$320,065	3.42:1	$187,961	$635,892	$243,424	$392,468	$241,431	$599,613	74,505	39,225
1966	$232,183	2.60:1	$171,644	$591,606	$225,281	$366,325	$158,526	$570,539	70,853	39,654
1965	$227,846	2.86:1	$140,463	$481,507	$204,959	$276,548	$102,290	$498,339	55,392	37,045
1964	$199,584	2.70:1	$129,865	$452,170	$193,670	$258,500	$102,650	$427,746	51,280	36,024
1963	$172,632	2.81:1	$102,097	$382,445	$162,986	$219,459	$ 92,750	$336,869	48,566	32,051
1962	$165,068	2.97:1	$ 93,373	$367,284	$158,626	$208,657	$ 94,800	$305,920	48,919	30,994
1961	$177,314	3.13:1	$ 85,639	$348,388	$154,171	$194,217	$ 96,100	$294,125	49,524	32,128
1960	$126,206	3.08:1	$ 74,527	$316,910	$143,639	$173,271	$ 47,150	$260,626	48,954	31,944
1959	$124,418	2.71:1	$ 69,516	$305,407	$142,375	$163,032	$ 48,200	$245,570	47,942	32,165

*The summary has not been restated for the prior years to include the financial and operating data of companies acquired in poolings of interests.

**Adjusted for 2-for-1 stock splits in 1960 and 1965. ***Ratio of current assets to current liabilities.

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ANNUAL REPORT